

## Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 CIAE-00 INR-10 NSAE-00 PA-04 RSC-01

USIA-15 PRS-01 SPC-03 EB-11 AGR-20 COME-00 OPIC-12

TRSE-00 XMB-07 L-03 NSC-10 DRC-01 /119 W

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R 252130Z FEB74

FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC 6399

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1. A SHORT REVIEW OF U.S. CORPORATE DEVELOPMENTS IN THE LUMBER INDUSTRIES IS MADE WITH LIC. RICARDO REYES OF COHDEFOR BY ECOM OFFICERS.

2. SICRE (VIKING OIL COMPANY) IS CONTINUING TO EXAMINE ITS FUTURE IN HONDURAS. COHDEFOR, ON THE BASIS OF INFORMATION PROVIDED BY THE COMPANY, IS EXAMINING THE POSSIBILITY OF A STOCK PURCHASE. THIS WORK IS IN A VERY PRELIMINARY STATE.

3. HAWTHORNE LUMBER COMPANY IS WELL ALONG TOWARD AGREEMENT WITH COHDEFOR ON THE PATTERN OF COHDEFOR PURCHASE OF SAW MILL LUMBER TO BE DELIVERED TO THE HAWTHORNE YARD WHERE HAWTHORNS WILL PROCESS THE LUMBER AND PREPARE IT FOR EXPORT FOR A FEE, RETAINING 100 PERCENT OWNERSHIP OF THE YARD, EQUIPMENT, ETC.

4. THE ONLY U.S. COMPANY WHICH HAS PRESENTED ACCOUNTING DATA IN ORDER TO OBTAIN PAYMENT OUT OF COHDEFOR-WITHELD PERCENTAGES OF EXPORT PRICES HAS BEEN THE MAYA LUMBER COMPANY. HOWEVER, ITS PRESENTATION WAS QUITE INCOMPLETE AND WAS NOT SUPPORTED BY ACCOUNTING DATA.

5. COHDEFOR HAS CONTRACTED WITH TWO EUROPEAN FIRMS TO ACT AS SALES AGENTS IN EUROPE. IT IS SEEKING SALES AGENTS FOR THE MORE SIGNIFICANT CARIBBEAN MARKETS. IT IS NOTED

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THAT THESE SALES AGENTS ARE PRIVATE COMPANIES RATHER  
THAN OFFICES SET UP BY COHDEFOR TO SELL ITS WOOD IN  
FOREIGN MARKETS.

6. FINANCING FOR SAW MILLS CONTINUES AS MAJOR PROBLEM.  
COHDEFOR HAS BEEN OFFERED LINES OF CREDIT DIRECTLY BY  
SEVERAL NATIONAL AND INTERNATIONAL BANKING INSTITUTIONS.  
HOWEVER, THESE INSTITUTIONS ARE APPARENTLY SHYING AWAY  
FROM PROVIDING NEW LINES OF CREDIT TO SAW MILLS.

7. IDB EXPECTED TO DO "FINAL" STUDY ON LOCATION, SIZE,  
AND PRODUCTS OF "PULP AND PAPER PROJECT." COMMENT: A GOVERNMENT  
DECISION BASED UPON THIS STUDY SHOULD BE FORTHCOMING  
BEFORE THE END OF THIS YEAR.  
SANCHEZ

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NNN

\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* LIMITED OFFICIAL USE

## Message Attributes

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